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BLACK HAWK MINING LTD.

(No Personal Liability)

ANNUAL REPORT

FOR THE YEAR ENDED APRIL 30, 1964

BLACK HAWK MINING LTD.

(No Personal Liability)

OFFICERS

John Kostuik, B.Sc.	President
Charles D. Robbins, Jr.	Vice-President
A. F. Risso	Secretary-Treasurer

DIRECTORS

A. F. Casselman	Montreal
John Kostuik, B.Sc.	Toronto
A. F. Risso	Toronto
Charles D. Robbins, Jr.	Montreal
The Honourable Harry A. Willis, Q.C.	Toronto

MINE MANAGER

T. D. Anderson, B.Sc.	Blue Hill, Maine
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SOLICITORS

Manley, Grant & Armstrong
Toronto, Ontario

TRANSFER AGENTS

The Guaranty Trust Company of Canada
Montreal, Quebec

AUDITORS

Raymond, Chabot, Martin, Paré & Cie
Montreal, Quebec

BANKERS

The Royal Bank of Canada
Toronto, Ontario

HEAD OFFICE

Suite 102
400 St. James Street West
Montreal, Quebec

EXECUTIVE OFFICE

20th Floor
4 King Street West
Toronto, Ontario

MINE OFFICE

Blue Hill, Maine, U.S.A.

BLACK HAWK MINING LTD.

(NO PERSONAL LIABILITY)

President's Report

To the Shareholders:

An annual and special meeting of the shareholders of Black Hawk Mining Ltd. will be held Tuesday, August 25th, 1964 at 11:00 a.m. (Montreal time) in the Dauphin Room of the Windsor Hotel, Montreal, Quebec.

Notice of the meeting is enclosed for your attention, together with an instrument of proxy, the balance sheet as at April 30, 1964 and the statements of exploration and corporate expenses for the years ended April 30, 1963 and April 30, 1964, as reported by the Company's auditors.

Also enclosed are copies of agreements in respect of your Company's acquisition of all the outstanding shares of Rotra Mines Corporation and in respect of senior financing arrangements between Black Hawk Mining Ltd. and Denison Mines Limited. These agreements, duly approved by your Board of Directors, will be presented for your consideration and approval at the meeting.

Under an agreement dated May 3, 1962, Black Hawk Mining Ltd. sold to Denison Mines Limited 1,300,000 common shares for the sum of \$180,000. These funds, together with \$125,000 provided by Denison Mines Limited in the form of a temporary loan, have been used for the acquisition of additional mining lands in the State of Maine, U.S.A., for equipment purchase, and for exploration, diamond drilling and development expenses on Black Hawk's extensive property holdings in the Blue Hill area of Hancock County, Maine.

Since my last report to shareholders, December 27, 1963, studies have been well advanced towards the exploitation of the various ore zones outlined by diamond drilling on your Company's properties. With a view to augmenting and enhancing further the known and potential ore reserves of Black Hawk Mining Ltd., your Directors successfully negotiated and arranged the acquisition of Rotra Mines Corporation. Rotra holds certain leases covering adjoining ground to the south of the properties now held by Black Hawk in the State of Maine.

With this acquisition, Black Hawk's ore reserves will be increased to 4,488,300 tons, with dilution at 10%, substantially above the tonnage previously reported in my letter of December 27, 1963. Included in these reserves are 2,813,900 tons at 2% copper and 0.4 ounces silver per ton, 1,225,400 tons at 16.75% zinc, 0.58% copper and 0.37 ounces silver per ton, and 449,000 tons at 6.76% lead, 0.95% copper and 4.25 ounces silver per ton. Values in gold are also present in many of the ore zones.

Black Hawk Mining Ltd. will now undertake Step 1 of a two phase plan towards production. Immediately, it will launch an underground exploration program to confirm and extend the ore reserves already indicated by diamond drilling from surface. This phase calls for shaft sinking to 600 feet with attendant development of three levels at an estimated cost of \$1,500,000.

The second phase of the contemplated development program, following the proving of already indicated ore reserves, calls for deepening of the shaft, further level development, and the construction of a concentrating plant.

A three compartment shaft is now collared on the property and a permanent mining plant is being erected, capable of handling a minimum of 1,000 tons per day.

Under the financing agreement, \$1,500,000 will be provided as required by way of secured notes, bearing interest at 6½ % per annum, and the sale and issuance by your Company of 150,000 shares. Additional funds needed to complete the development program will be provided by way of debentures, bearing interest at 6½ % per annum, together with the sale and issuance of further shares.

In presenting this report on behalf of the Board of Directors of Black Hawk Mining Ltd., may I declare our resolve to pursue vigorously the current development program and to keep you fully informed of progress through special mailings to shareholders and through the press.

Respectfully submitted,

JOHN KOSTUIK,
President.

Toronto, Ontario,
August 10, 1964.

BLACK HAWK

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Balance Sheet as

ASSETS

Current Assets:

Cash	\$ 15,935.92
Accounts Receivable	1,838.12
Prepaid expenses	500.00
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	\$ 18,274.04

Statutory Deposit:

Minister of Finance	1,000.00
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Fixed Assets, at Cost:

Mining claims and mining rights (Note 1)	60,370.00
Lands	40,092.84
Building	5,364.75
Exploration equipment	520.00
Office furniture and fixtures	992.66
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	107,340.25

Deferred Expenses:

Exploration expenses — Schedule "A"	248,537.16
Corporate expenses — Schedule "B"	64,366.11
Organization expenses	3,950.00
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	316,853.27
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	\$443,467.56

Signed on behalf of the Board,

CHARLES D. ROBBINS, Director.

JOHN KOSTUIK, Director.

AUDITORS' REPORT

We have examined the balance sheet of BLACK HAWK MINING LTD. (N expenses. Our examination included a general review of the accounting records

In our opinion, the accompanying balance sheet together with the notes attached, present fairly the financial position of the company as at April 30, 1964 in accordance with generally accepted accounting principles.

Montreal,
May 20, 1964

MINING LTD.

ability)

mining Companies Act)

April 30, 1964

LIABILITIES

Current Liabilities:

Accounts payable and accrued charges	\$ 6,612.16
Loan payable to Denison Mines Limited	80,000.00
	<u>\$ 86,612.16</u>

Capital Stock (Note 2)

Authorized:

5,000,000 shares of a par value of \$1.00 each	<u>5,000,000.00</u>
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Issued and fully paid:

900,000 shares for mining claims and options thereon	\$ 900,000.00
Less: Discount thereon	840,000.00
	<u>60,000.00</u>
2,389,009 shares for cash	2,389,009.00
Less: Discount thereon	2,092,153.60
	<u>296,855.40</u>
<u>3,289,009 shares</u>	<u>356,855.40</u>
	<u><u>\$443,467.56</u></u>

SHAREHOLDERS

al Liability) as at April 30, 1964 and schedules of exploration and of corporate
supporting evidence as we considered necessary in the circumstances.
and the schedules of exploration and of corporate expenses present fairly the
d accounting principles.

RAYMOND, CHABOT, MARTIN, PARÉ & CIE,
Chartered Accountants.

BLACK HAWK MINING LTD.
(No Personal Liability)

Notes to Balance Sheet
AS AT APRIL 30, 1964

Note 1: Mining Claims

Held under development licenses acquired and paid for in cash	\$ 20.00
Held under development licenses acquired by the issue of 600,000 shares at a discount of \$0.95 each	30,000.00
	\$ 30,020.00
Mining claims and mining rights acquired and paid for in cash	350.00
Mining claims and mining rights acquired by the issue of 300,000 shares at a discount of \$0.90 each	30,000.00
	\$ 30,350.00
	\$ 60,370.00

Note 2: Capital stock

During the past year, the Company sold for cash 400,000 shares of its capital stock at 17½ cents per share for 200,000 shares and at 20 cents per share for the remaining 200,000 shares.

SCHEDULE "A"

Exploration Expenses
AS AT APRIL 30, 1964

	From inception to May 1, 1962	Year ended April 30, 1963	Balance as at April 30, 1963	Year ended April 30, 1964	Balance as at April 30, 1964
Quebec					
Prospecting, developing and surveying	29,172.05	303.24	29,475.29	(414.45)	29,060.84
Diamond drilling, mapping and assaying	35,296.00	402.67	35,698.67	4,677.89	40,376.56
General field expenses	327.78	401.94	729.72	334.49	1,064.21
	64,795.83	1,107.85	65,903.68	4,597.93	70,501.61
Maine					
Prospecting, developing and surveying ..	5,906.65	1,437.22	7,343.87	10,450.01	17,793.88
Diamond drilling, mapping and assaying	11,434.13	65,901.13	77,335.26	73,369.57	150,704.83
General field expenses	423.41	2,482.23	2,905.64	6,631.20	9,536.84
	17,764.19	69,820.58	87,584.77	90,450.78	178,035.55
	\$ 82,560.02	\$ 70,928.43	\$ 153,488.45	\$ 95,048.71	\$ 248,537.16

BLACK HAWK MINING LTD.
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SCHEDULE "B"

Corporate Expenses
AS AT APRIL 30, 1964

	From inception to May 1, 1962	Year ended April 30, 1963	Balance as at April 30, 1963	Year ended April 30, 1964	Balance as at April 30, 1964
Registrars' and transfer agents' fees and expenses	973.51	432.42	1,405.93	828.37	\$ 2,234.30
Legal and audit fees and expenses	4,589.47	3,156.75	7,746.22	7,376.10	15,122.32
Capital and place of business tax	67.40	46.60	114.00	82.50	196.50
Administrative salaries, communications, stationery and office supplies, rent, insurance and general office expenses	10,232.46	5,469.08	15,701.54	10,278.17	25,979.71
Travelling expenses	8,080.63	665.20	8,745.83	3,017.18	11,763.01
Cost of foreign exchange	137.37	1,831.41	1,968.78	(1,968.78)	—
Loss on disposal of fixed assets	—	1,572.00	1,572.00	—	1,572.00
General expenses	5,117.36	716.10	5,833.46	1,664.81	7,498.27
	<u>29,198.20</u>	<u>13,889.56</u>	<u>43,087.76</u>	<u>21,278.35</u>	<u>\$ 64,366.11</u>

Summary

Schedule "A"	82,560.02	70,928.43	153,488.45	95,048.71	\$248,537.16
Schedule "B"	29,198.20	13,889.56	43,087.76	21,278.35	64,366.11
	<u>\$111,758.22</u>	<u>\$ 84,817.99</u>	<u>\$196,576.21</u>	<u>\$116,327.06</u>	<u>\$312,903.27</u>

